HYDRO S & S INDUSTRIES LIMITED

Registered Office : Dhun Building, 3rd Floor, 827, Anna Salai, Chennai - 600 002,
Tel.: 044-28521736, Fax : 044-28520420

Recommendations of the Committee of Independent Directors (IDC) on the Open Offer to the Equity Shareholders of the Hydro S & S Industries Limited under Regulation 26 (7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Date	19.08.2013
Name of the Target Company	Hydro S & S Industries Limited
Details of the Offer pertaining to Target Company	Open Offer for acquisition of upto 16,65,874 equity shares ("Offer") of Rs. 10.00 each representing 26% of the total equity share capital / voting capital, from the equity shareholders of Hydro S & S Industries Limited ("Target Company") at an offer price of Rs.42.70 per Equity Share, pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, and subsequent amendments thereto ("Takeover Code").
Name(s) of the Acquirer	Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China
Name of the Manager to the Offer	Master Capital Services Limited
Members of the Committee of Independent Directors ("IDC") (please indicate the chairperson of the committee separately)	Mr. V. Thirupathi – Chairman Mr. G. Balasubramanyan – Member
IDC Member's relationship with the Target Company (Director, Equity shares owned, any other contract / relationship), if any	IDC members are independent and non-executive directors of the Target Company. They do not hold any Equity Shares in the Target Company. None of the IDC members has any contract/relationship with the Target Company at present.
Trading in the Equity shares/other securities of the Target Company by IDC Members	None of the IDC members has done any trading in the shares of the Target Company since their appointment.
IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract / relationship), if any.	None of the IDC members has any relationship with the Acquirer at present.
Trading in the Equity shares/other securities of the acquirer by IDC Members	Not Applicable
Recommendation on the Open offer, as to whether the offer , is or is not, fair and reasonable	The IDC members believe that the Offer is fair and reasonable.
Summary of reasons for recommendation	The Committee considered the following facts: • The 52 weeks high price before the Share Purchase Agreement dated 20.05.2013 at the stock exchange was Rs. 18.50, which is lower than the Offer Price. • The negotiated price paid to outgoing Promoters/Sellers is Rs. 25.00 per share, which

	is lower than the Offer Price. • The Fair Value of the share as per audited figures of 31.03.2013, as certified by the Auditors vide letter dated 23.05.2013, of the Target Company is Rs. 12.69, which is also lower than the Offer Price.
Details of Independent Advisors, if any.	None
Any other matter to be highlighted	None

"To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target company under the Takeover Code."

For **Hydro S & S Industries Limited**

Mr. V. Thirupathi
(Chairman - Committee of Independent Directors)
Place : Chennai
Date : 19.08.2013